



Judd Gregg, Chairman  
Contact: Gayle Osterberg 202-224-6011  
Cara Duckworth 202-224-2574

## **FY06 BUDGET RESOLUTION: CHALLENGES AND OPPORTUNITIES**

# **Education**

### **The President and Congress have made historic investments in education ...**

After five years of leadership by President Bush and the Republican Congress, America's annual investment in education exceeds \$500 billion annually on elementary and secondary education, surpassing spending on national defense and exceeding per-pupil education spending of every other nation except Switzerland. Growing by over 75 percent, Federal support for education programs for children with disabilities is at its highest level ever.

### **By the numbers...**

The two biggest education accounts are Title I grants to help high poverty school districts educate disadvantaged students, and the Individuals with Disabilities Education Act (IDEA) grants to help states pay the excess costs of educating more than 6.9 million children with disabilities. Since 2001, funding for Title I grants will increase \$4.6 billion, or 52 percent. Funding for IDEA grants will increase \$4.8 billion, or 75 percent since 2001.

### ***THE FY06 BUDGET RESOLUTION:***

#### **Taxpayers pay less to banks, and invest more in students...**

The Budget Resolution assumes savings by reducing lender subsidies—some call these receipts in excess of the statutorily guaranteed yields “corporate welfare”. The budget assumes a majority of the savings will be returned to students in the form of program enhancements to provide increased access to college for low- and middle-income students, and the remainder returned to taxpayers in the form of deficit reduction.

#### **Provides for Pell Grant increases and extends higher education programs...**

The budget reflects an increase in Pell Grant funding of \$1.3 billion or 10.1 percent over 2005 and \$417 million in new budget authority over the President's \$843 billion discretionary request in 2006 (\$2.1 billion over 5 years) to increase the maximum grant by \$100 to \$4,150 beginning in 2006. The number of recipients would increase by 138,000 over 2005, an increase of 2.6 percent. Since 2001, Pell Grant spending has increased by \$4.9 billion, or 56 percent.

The budget also includes a \$5.5 billion reserve account to cover the new 5-year costs of initiatives in the reauthorization of the Higher Education Act (HEA) and \$4.3 billion in one-time budget authority in a reserve fund to eliminate the current Pell Grant shortfall.

The budget assumes a proposal to provide loan forgiveness up to \$4,000 for Pell Grant recipients who complete a degree within 4 years and have student loan debt. The loans would be converted to the equivalent of grant aid by being paid off during the grace period once the borrower documents completion of a degree. A student receiving the full amount of forgiveness would receive the equivalent of \$5,150 in grant aid each year of school.